

January 16, 2008

Surface Transportation Board  
Attention: Section of Environmental Analysis (SEA)

To the SEA Staff:

Thank you for holding Environmental Impact Studies regarding Canadian National's purchase of EJ & E Railroad. While federal standards would indicate this is a relatively small purchase, as it is not transcontinental, it will have a significant economic and therefore environmental impact on the Greater Chicago and Northwest Indiana Region.

Having reviewed the documentation submitted by Canadian National to the STB in October of 2007, I oppose this purchase for two reasons. Firstly, I oppose the transaction because of the economic impact it will have on Northwest Indiana residents. Secondly, I oppose the transaction because of the potential catastrophic impact it could have on communities surrounding these railroad tracks given Canadian National's current inability to properly maintain its railcars and keep track of car movement throughout the region.

Although this has not been addressed in any meeting, EJ&E (currently owned by US Steel), transports all of the coal used by NIPSCO's (Northern Indiana Public Service Company) electrical generation plants. Last year the IURC (Indiana Utility Regulatory Commission) questioned NIPSCO's electricity rates. NIPSCO's response was to blame the high cost of electricity on railroad transportation. The IURC then required NIPSCO to complete a study identifying how NIPSCO could lower these costs by building their own railroad lines which could transport coal from southern Indiana to NW Indiana. This study (per an IURC representative) was just submitted to the IURC yesterday. It completely ignores the EJ&E railroad lines and the sale to Canadian National.

Per a Surface Transportation Board representative I spoke to on November 16, 2007 the construction of new railroad lines anywhere in the country is highly restricted by the STB. It is much easier to sell and transfer current railroad lines than to build new ones. Hence, the IURC's request (without STB review and approval) to NIPSCO for a new railroad line study is completely worthless.

However, the IURC has flagged railroad transportation costs as a major problem with NIPSCO's electricity rates. Yet, NIPSCO, the IURC, and the OUCC remain silent during the sale of EJ & E because they feel they have no voice with the STB or the federal government. This is alarming. Once Canadian National owns these lines they will have almost a complete monopoly on all of the railroad lines in the Chicago and NW Indiana region. Per the IURC and the OUCC they are

exempt from utility board regulation and oversight because the railroad is federally mandated. Hence, once they own these lines they can charge whatever they want to their customers without fear of competition because NIPSCO will have no where else to go. In turn, NIPSCO will pass these increased rates on to the ratepayer because they truly aren't responsible for what's going on with transportation costs.

Additionally, the IURC agreed that my electricity rates will definitely go up because of this monopoly. The representative indicated that this has been the trend for a while with energy costs because my coal is transported by rail from Wyoming to NW Indiana and only 2 companies own the majority of these railroad lines.

How and why has the Surface Transportation Board allowed this to happen? The U.S. Government and economy will not benefit from this transaction in any way shape or form. There is also a gross absence by the Federal Energy Regulatory Commission to speak up about these transactions and this overall national trend which is definitely hurting individual consumers throughout the U.S. Energy costs are rising sharply and the transportation costs associated with generating power plays a significant role in this situation.

The laws governing the railroad industry date back to an agrarian society and culture when mass transport of goods and services quickly meant cheaper prices for the consumers and US citizens. Today those same laws are having the opposite effect because the US economy is impacted more by regional transportation and energy costs than national costs. This purchase continues this negative trend. Please set a precedent and include the IURC and FERC when reviewing this transaction. Given that you are transferring the ownership of these lines to an entity without any vested interest in the region, you are putting this region at risk.

The original documentation regarding the Canadian National purchase makes it clear that this is all about generating profits. The STB representative I spoke to on November 16, 2007 also indicated that Canadian National's intent was to pay for this transaction by diverting traffic from the trucking industry to the railroad industry. He also indicated that traffic would be increased on all of Canadian National's lines so the promise of decreased traffic through Chicago and communities like Buffalo Grove conflicts with what I was told by an STB representative reading the document filed by Canadian National with the STB. In fact, the original document doesn't detail the current utilization of existing railroads and how Canadian National specifically plans to measure any efficiency gains once the EJ&E line is acquired. All Canadian National talks about is diverting some railcars, but not all of its traffic. In general, the documents indicate that Canadian National wants to increase its overall traffic significantly. A more thorough review of how they measure and quantify current efficiencies with and without the proposed railroad acquisition needs to be completed. Who

will ensure that they are going to keep their promise long term? Since they will be a monopoly, how will violations by the company be addressed? Will there be any way to divert some business to other railroad companies?

Canadian National's argument about improved efficiencies only surfaced once the Chicago region and NW Indiana began to object to this purchase.

Based on personal experience with Canadian National's current inefficiencies, I doubt that they will actually follow through with what they are promising in their publicity ads.

Last July 25<sup>th</sup> of 2007 between 2PM and 3:30PM a Canadian National Engine with tanker cars crossed the intersection of US 30 and Hart Street in Dyer, IN. Immediately after the train and tankers passed, I noted a very strong ammonia smell. I called Dyer's fire and police department to report this potential inhalation hazard. It was hot and humid that day, so the escaped vapor hung in the air for a while before completely dissipating. This report is on file with both the fire and police department. A fireman agreed that the smell was chemically based, but told me that since the rail cars were not parked on the tracks and had already passed there was nothing he or I could do to track down and report this issue.

When I called EJ & E, I discovered that Canadian National did have access to the EJ&E lines and they were transporting tankers with various gases in them. However, the ability to track down and identify a faulty seal on a tanker is virtually impossible and could only be identified and corrected once it reached its destination and the tanker was to be reused.

The railroad does not keep close track of the times in which their cars pass various check points and in fact sometimes they are not completely clear on what's associated with a particular load...most of this is recorded at the departure point and at the arrival point but transit in between two points is largely untracked and not documented. Based on the above procedures, there is no way that Canadian National can prove that their efficiencies will improve with additional rail road lines. This is simply an assumption and based on the idea that more lines mean more movement and therefore things will be faster. However, it excludes the fact that EJ & E's lines intersect with other railroad lines and carriers that have equal right and access to these crossings.

The STB needs to review exactly when and how and through what check points Canadian National moves current loads on the Chicago rail lines, and then review current traffic at the intersections of EJ&E's lines before assuming that more lines for CN means faster and more efficient rail transportation.

If Canadian National can not effectively track their current loads, how will the average person be able to properly track down and file complaints against the railroad carriers who have faulty cars? As of today's date no one can be

investigated or held responsible of the ammonia leak I smelled coming out of one of Canadian National's tanker cars. This clearly indicates to me that the oversight and protection of the environment is significantly at risk if the purchase of EJ&E goes through and traffic increases three fold.

Thank you for your time. If you need copies of the police report from Dyer in which I reported a complaint or copies of my phone records documenting my calls to the IURC, OUCC, or the STB, I'd be happy to provide them.

Sincerely,

Lucinda Stanley  
1560 Hearthstone Court  
Dyer, Indiana 46311  
219-865-9084

00621 (bmc)

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